

Star

BUSINESS

Export easier than import for regulatory barriers

Says CEO of Pran-RFL

STAR BUSINESS REPORT

It is easier for Bangladesh to export goods than import due to regulatory redundancies and weak trade facilities at the country's ports, according to Ahsan Khan Chowdhury, chairman and chief executive officer of Pran-RFL Group.

He made this comment after participants at a seminar on "Issues of Cross Border Trade: Importance of Risk Management System in Supply Chain of Agro Products" pointed out the delay in release of imported goods from the ports owing to collection of samples and testing of each consignment by the regulatory agencies.

The event was jointly organised by the Federation of Bangladesh Chambers of Commerce and Industry

Ahsan Khan Chowdhury urged the government to align domestic food safety requirements with those of global authorities

(FBCCI) and Bangladesh Trade Facilitation Project (BTF) funded by the US Department of Agriculture, at the event at the FBCCI headquarters in Motijheel, Dhaka yesterday.

Chowdhury also urged the government to align domestic food safety requirements with those of global authorities in order to speed up exports from the sector.

"We can easily export to the US, UK and other countries if we have approval from their food safety authorities," he said.

"But locking up factories and arresting their owners for violating regulations is not a solution because if we want to take the country forward, we have to work in structured manner," Chowdhury added.

At the event, businesses also urged for the inclusion of a cross-border trade risk management system in import procedures to reduce the time and cost of trade.

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US MOVE ON LABOUR RIGHTS Exporters worried, unions urge improvements

REFAYET ULLAH MIRDHA

Business leaders and apparel exporters are worried over a recent US presidential directive on labour rights while union leaders and trade analysts suggested bringing improvements to avert trade sanctions.

The opinions were sought by The Daily Star yesterday over US Secretary of State Antony J Blinken's statements on the labour rights situation in different countries on Thursday.

At the rollout of a Presidential Memorandum on "Advancing Worker Empowerment, Rights, and High Labour Standards Globally", Blinken said the US would hold accountable those who threaten, intimidate, and attack union leaders, labour rights defenders and labour organisations.

Tools like sanctions, trade penalties and visa restrictions will be used against them, he said.

"I am worried about the fate of garment export from my factories as more than 90 percent of my shipment is destined for the US," said AK Azad, chairman and chief executive officer of Ha-Meem Group.

The group exports garment items worth nearly \$500 million a year.

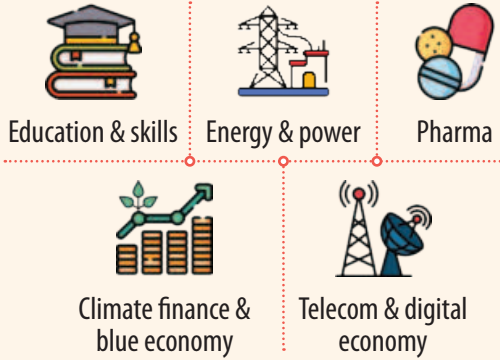
Azad suggested that the government handle the situation politically and diplomatically.

Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association, echoed him.

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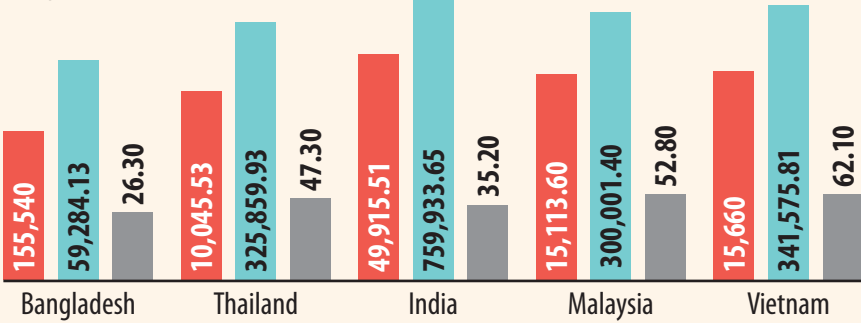


SECTORS REQUIRING PRIVATE INVESTMENT:

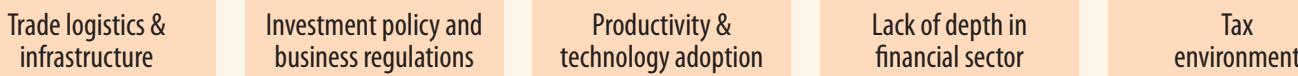


LEVEL OF FDI & GVC PARTICIPATION

GVC=global value chain; SOURCE: WORLD BANK & ADB
■ FDI net inflow USD million (2022) ■ GVC participation rate (2021)
■ Export USD million (2022)



FACTORS AFFECTING FDI IN BANGLADESH



Private and foreign investment critical for 2041 goals: Ficci

STAR BUSINESS REPORT

Bangladesh's development journey has been significantly propelled by trade and surge in private investment.

The country aims to become a developed economy by 2041 and, in that pursuit, elevating living standards and strengthening private and foreign direct investment (FDI) and tax revenue collection will be critical, said the Foreign Investors' Chamber of Commerce & Industry (Ficci) in a publication unveiled yesterday.

"However, several factors hinder FDI in Bangladesh, collectively diminishing its appeal as an investment destination," it said, citing trade, logistics, infrastructure, investment policy, business regulations and a lack of depth in the financial sector and tax environment.

Titled "Catalysing Greater FDI for Vision 2041: Priorities for Building A Conductive Tax System in Bangladesh", the apex trade body of foreign investors in Bangladesh launched the book at the opening of the two-day "Investment Expo-2023" at

the Radisson Blu Dhaka Water Garden to celebrate 60 years of its journey. Prime Minister Sheikh Hasina inaugurated the event.

Ficci said taxation policies, including corporate income tax rates and incentives, significantly influence foreign investors'

climate in Bangladesh faces several tax-related challenges.

"Bangladesh's tax policy, while designed to support economic development, exhibits issues that can affect its alignment with FDI goals," said Ficci.

The trade body said

of predictability and effectiveness of tax incentives, and hurdles in claiming tax benefits are major challenges.

Also, lack of digitisation, lack of double taxation avoidance agreements with countries, and high total tax incidence are other major challenges, it added.

Ficci said both tax rates and FDI would likely increase if the tax environment was more conducive.

It said FDI can reach \$6.6 billion by 2025, \$20 billion by 2031 and \$50 billion by 2041 with effective and prudent taxation reforms.

Tax revenue can rise to \$227 billion by 2041 if tax reforms are implemented compared to \$98 billion without reforms, according to the publication.

The trade body, which represents more than 200 foreign investors in Bangladesh, said private investment, including FDI, has a pivotal role to play in helping Bangladesh achieve its target of upper middle-income status.

"FDI across sectors drives

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decisions.

"Studies consistently show that lower corporate tax rates correlate with higher FDI. High tax rates reduce investment returns and deter FDI inflows," the publication read, adding that FDI tends to fall by 3.7 percent following a one percentage point increase in the tax rate.

Ficci said the investment

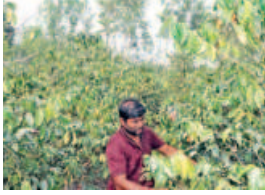
Bangladesh's tax system has major gaps when compared to international tax principles. It cited neutrality, effectiveness, fairness, efficiency, flexibility as well as certainty and simplicity.

Ficci said unconducive policies, unclear processes and complicated and contradictory regulations, alongside tax disputes and legal hassles, lack



RMG workers in Ashulia make their way to work. Normalcy returned to garment factories after weeks of unrest centring the workers' demands for increased wages. The photo was taken recently.

Although coffee is considered an expensive beverage mostly consumed by urbanites, Md Mokhlesur Rahman is trying to change this perception.



Story on B3

Interest rate of treasury bills crosses 10%

MD MEHEDI HASAN

The interest rate of treasury bills in Bangladesh has crossed a recent high of 10 percent, indicating that lending rates will rise further in the days ahead, according to bankers.

Separate auctions for treasury bills that mature in 91 days, 182 days and 364 days were held yesterday.

The government collected about Tk 3,304 crore from the 91-day treasury bills while the 182-day and Tk 364-day securities paid out some Tk 304 crore and Tk 582 crore respectively.

The interest rate, or yield, on 91-day treasury bills was 10.20 percent while it was 10.40 percent and 10.60 percent respectively for the 182-day and 364-day securities.

The last auctions were held on November 12, when the interest on 91-day treasury bills was 10 percent, 182-day was 10.20 percent and 364-day was 10.30 percent per annum.

In January this year, the interest on all kinds of treasury bills ranged from 7.29 percent to 8.10 percent.

The government generally borrows from the financial sector, including the central bank, by issuing treasury bills and bonds.

The government took around Tk 98,000 crore in loans from Bangladesh Bank in fiscal 2022-23, which was nearly 73 percent of its total borrowing from banks and non-banks at the time.

The country's experts and economists criticised the borrowing for stoking inflationary pressure.

So, the government planned to borrow from commercial banks instead of the central bank.

Bankers said the higher interest of treasury bills will impact the lending rate of banks because the central bank introduced a new lending rate system linked with the debt instrument.

Bangladesh Bank withdrew the lending rate cap in June and introduced a new interest rate regime to meet conditions attached to the International Monetary Fund's \$4.5 billion loan.

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STOCKS	
DSEX ▼	CASPI ▼
0.25% 6,240.97	0.19% 18,504.99

COMMODITIES		AS OF FRIDAY
Gold ▼	Oil ▲	
\$1,980.79 (per ounce)	\$75.70 (per barrel)	

ASIAN MARKETS				FRIDAY CLOSINGS
MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
▼ 0.28% 65,794.73	▲ 0.48% 33,585.20	▼ 0.27% 3,124.67	▲ 0.11% 3,054.37	

Forex transactions thru cards post rise

STAR BUSINESS REPORT

The volume of foreign currency transactions through cards increased in September mainly due to the continual devaluation of the local currency.

In September forex transactions through cards stood at Tk 689 crore, up from Tk 658 crore a month ago, as per the latest data from the Bangladesh Bank.

However, overall card transactions declined by 2.62 percent to Tk 39,943 crore in September, showed BB data.

Overall card transactions declined in September compared to the previous month, but foreign currency transactions increased slightly due to the continual devaluation of the taka, said Md Abu Bokar Siddique, head of card at Mutual Trust Bank.

He said that forex transactions through cards

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PHOTO: PALASH KHAN